

Blue Ribbon Commission on Transportation

D R A F T

Administration Committee Interim Report

May 8, 2000

Blue Ribbon Commission on Transportation

Administration Committee

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Blue Ribbon Commission on Transportation

ADMINISTRATION COMMITTEE INTERIM REPORT DRAFT (5/8/2000)

INTRODUCTION

Charter

The Blue Ribbon Commission on Transportation's Administration Committee adopted the following charter in October 1998:

The Administration Committee will recommend actions to change key structures, policies, and practices of governments, businesses, and labor that contribute to cost-efficient and effective transportation solutions to citizens. To accomplish this charter, the committee intends to inventory, analyze, and evaluate a broad array of topics, including:

- the structures, policies and practices of government entities, private business, and labor that affect the delivery of transportation programs and projects.
- the relationship between federal, state and local government agencies in delivering transportation programs, projects and services.
- the effectiveness of governance and planning organizations at all levels in determining transportation needs and priorities.
- the effectiveness of the 1977 consolidation of all transportation functions in the WSDOT.

The committee met monthly during the period October 1998 to April 2000. During that period, committee members had the opportunity to receive in-depth briefings about the transportation administration system in Washington, identify issues and develop findings about the current system, develop principles and goals about a potential improved administration system of the future, and develop and evaluate a set of preliminary administration options.

This committee report outlines the administration options requiring consideration by the full Blue Ribbon Commission. It also describes the key findings, principles and goals identified by the committee and lays out their relationship to the administration options.

TRENDS — Transportation Administration in Washington

In population and economic activity, factors which strongly influence transportation use, Washington is experiencing a period of accelerated growth, and can expect more growth in the coming decades. Population is growing and it is increasingly urban. Washington's population is projected to increase

over 36% from 1997 to 2020. Over half of the growth is projected to be in the three counties of central Puget Sound.¹

Population growth, in part, led Washington to enact the Growth Management Act in 1990. Washington has since experienced an increase in the number of jurisdictions, particularly cities. Cities account for over 200 of the state's 468 units of government dealing with transportation. Along with new jurisdictions come annexations to existing jurisdictions, often in response to increasing population and the widening geographic reach of metropolitan areas. Growing urban areas present challenges to those who plan for and fund transportation projects, because this growth does not respect political boundaries, and the demand for facilities and infrastructure does not conform to existing administrative systems and funding programs.

Expanding populations and the need for more services, alongside the often competing desire for preservation of quality of life, contribute to the complexity of government in urban areas, and increasing costs to get projects done. Regulations and restrictions are tools often used by a public sector attempting to maintain a balance between competing needs of economic growth and preservation of the environment, both built and natural. However, one effect of governmental regulations has been to add time to the permitting process for capital construction projects, so that as much as two years can be necessary in order for environmental review² to be complete on the simplest of roadway projects.

Projects delayed for years, with budgets spiraling ever upwards, and no perceived improvement in the problem, are some of the reasons for growing impatience and frustration on the part of taxpayers footing the bill for transportation projects. Increasingly, government is under the watchful eye of the citizen, who desires to pay for specific projects that can improve a particular problem. Referendum 49, passed in 1998, funded a specific set of transportation projects rather than a blanket of funding to be spread at the administration's discretion.

In attempting to do 'more with less,' respect the perceived desire of the public for less government intrusion, and be more accountable to the public, there have been recent efforts to establish special purpose governments and other transportation-related agencies throughout the state, and include the private sector in the delivery of some public services. Yet the proliferation of organizations and agencies responsible for transportation contributes to the perceived accountability gap in transportation administration.

¹ Puget Sound Regional Council, August 1999.

² Ken Stone, WSDOT, presentation to Administration Committee, March 24, 2000.

BACKGROUND

The Committee Process

The Administration Committee spent the better part of a year receiving briefings from experts in and outside of the transportation industry. The list of speakers who appeared before the Committee included:

Speaker		Topic
Jerry Alb	WSDOT	permit process
John Ball	Wash. Fed of St. Employees	WSDOT quality program
Kim Becklund	City of Bellevue	permit reform
Scott Boettcher	Wash. Permit Assistance Ctr.	permit assistance center
Jonathan Brock	Univ. of Washington	managed competition
Phil Bussey	Washington Roundtable	nationwide transportation study
Bill Chapman	Preston, Gates & Ellis	permit reform
Rick Cocker	Cocker Fennessy	public opinion research
Gary Demich	WSDOT	I-5 DuPont interchange
Bill Eager	TDA	comparative highway construction costs
Jerry Ellis	WSDOT	public-private initiatives
Tim Erickson	WSDOT	commercial vehicle information systems
Steve Excell	Wash. Roundtable	Wash. transportation expenditures
Stan Finkelstein	Assoc. of Wash. Cities local jurisdictions (city)	
Bob Gregory	Cities of Kelso & Longview	Kelso/Longview public works merger
Jim Hamilton	Federal Way C of C	local business viewpoint
Charlie Howard	WSDOT	1977 WSDOT consolidation
Tom Jensen	Wash. Roundtable	transportation investment cost analysis
Bob Keller	Wash. Fed of St. Employees	WSDOT quality program
Greg Kipp	King County	early involvement in project review
Glen Leicester	Gr. Vancouver Trans. Auth.	Vancouver's TransLink
Dean Lookingbill	Southwest Washington RTC	role of MPOs and RTPOs
Jim McCoard	Wash. Fed of St. Employees	WSDOT quality program
Mary McCumber	Puget Sound Reg. Council	early planning and involvement
Hon. Rob McKenna	King County Council	closing the transportation infrastructure gap
Helga Morgenstern	WSDOT	WSDOT's efficiency measures
Chris Mudgett	County Road Admin. Bd.	local jurisdictions (county)
John Musgrave	W. Seattle C of C	transportation funding equity
Joyce Olson	Community Transit	project delivery, operations and maintenance
Jerry Porter	Kiewit Pacific Co.	design/build case studies
Gene Schlatter	Wash. Roundtable	transportation investment cost analysis
Hon. Ron Sims	King County	county transportation role
Ken Smith	WSDOT	value engineering
Rick Smith	WSDOT	design-build project delivery
Ken Stone	WSDOT	permit process

Tricia Thomson Amer. Public Works Assn. permitting and permit centers
Eugene Wasserman Seattle N'hood Bus. Cncl. small business perspective

During each meeting, time was provided on the agenda for members of the public to address the Committee. At numerous meetings, citizens and stakeholders came forward to speak to the Committee. Committee members evaluated the information received and formulated findings that were presented to their fellow Commission members in September 1999.

Relationship to Findings

Findings were adopted by the Blue Ribbon Commission on Transportation at its October 1999 meeting, and revised in January 2000. The findings were used by the Administration Committee to develop a set of principles and goals for any future administration-related recommendations, and to forward a list of administration options that address the findings and are guided by the goals and principles.

As they learned about the transportation governance and project delivery system, the committee found that there are historical elements of the system that were once appropriate but may no longer meet the needs of transportation in Washington today and in the future.

The Administration Committee divided their findings into the subcategories of governance, project delivery efficiencies, operations and maintenance efficiencies, and permitting. The options outlined below faithfully follow the categories of the findings. Please see the specific categories for more detailed discussion on findings and how they relate to options.

Developing Options

After conclusion of the findings phase, committee members turned their attention to the development of potential solutions, identified in the form of options.

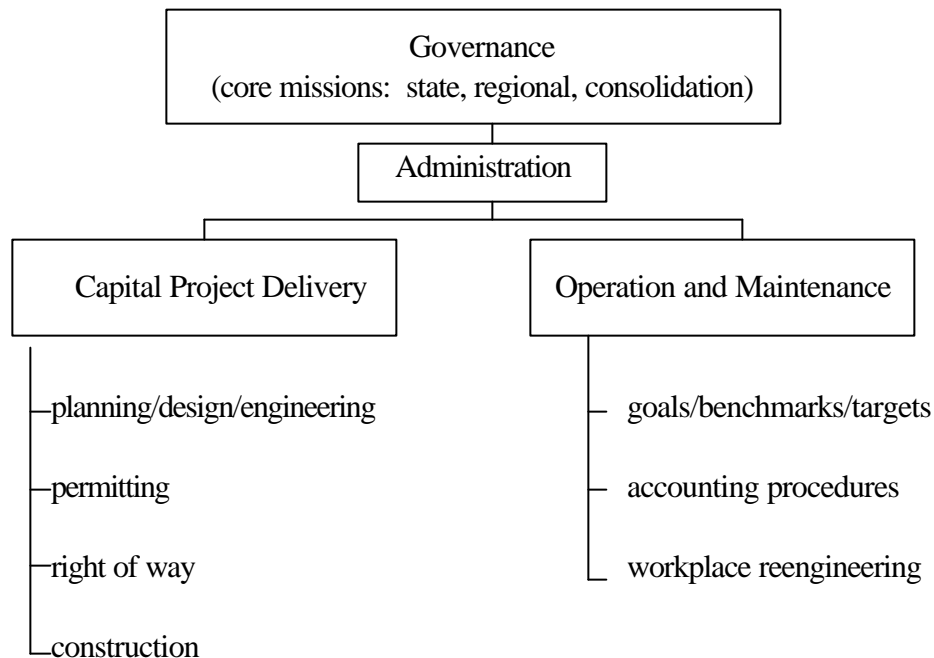
The preliminary options list presented in this report is the result of this committee process. Each option had at least one or several advocates on the committee and some options had general consensus. Some options had the support of committee members even though they believe the options might be unpopular in a general public setting. Nevertheless, committee members are committed to make the best possible set of recommendations, even if the list might prove controversial.

ADMINISTRATION COMMITTEE OPTIONS

Administration options are divided into four groups:

1. Governance
2. Project Delivery Efficiencies
3. Operations and Maintenance Efficiencies
4. Permit Reform

A diagram of the relationship of these options is shown below:



All options presented below are intended for discussion by the Blue Ribbon Commission, stakeholders, and the public, and should be mixed and matched as needed. Some options are mutually exclusive and others could be combined into linked sets.

GOVERNANCE STRUCTURES

The list of options includes those for governance at the state level, and at the regional level.

There are at least 468 entities responsible for some form of transportation planning or implementation in Washington State. With this multiplicity of transportation entities, no entity is very strong nor very comprehensive in its authority; authority for planning, funding, and implementing is instead fragmented among numerous agencies across various jurisdictions, modes, and roadway classifications. Such a process often results in fragmented decision making or decisions that do not ‘stick.’

Organizations, including the Washington Roundtable and the American Association of State Highway and Transportation Officials (AASHTO), are looking at future transportation governance structures. AASHTO suggests these key features for DOT’s of the future:

- A leaner organization whose primary responsibility will be policy formulation, planning and funding, with service delivery functions decentralized, devolved to lower levels of government, or outsourced to private entities;
- Decentralized structure, organized around task-oriented teams, for closer customer contact and increased efficiency;
- Outcome oriented investment priorities, developed through close dialogue with customers and stakeholders, focusing on delivery of improved services;
- Increased use of market mechanisms responding to customer willingness to pay;
- Emphasis on real-time operations in cooperation with multi-jurisdictional operating entities, with increased reliance on intelligent transportation systems and technology
- Enterprise-style management.

AASHTO reports that based on their interviews, state DOT’s are in an early stage of transformation of their organizational structure and missions.

Relationship to Findings

Findings relating to governance note the large number of governmental units in the state; the complexity of government structures; and the need for cooperation in transportation projects, which often extend beyond traditional jurisdictional boundaries. The findings focus principally on issues relating to local and regional governance. While not proposing a reduction in the number of governmental units, the proposed options outline a variety of regional approaches to transportation administration. Though findings do not address issues of state governance, the topic is well within the committee’s charter, and state governance options include possible changes to the roles and jurisdictions of the Transportation Commission and WSDOT.

Goal

Align authority to plan, fund, and implement transportation services.

Result

Multi-modal investments; one-stop shopping; unified decision-making, decisions that stick.

Criteria

The option should:

- Achieve accountability.
- Provide for a system-wide perspective.
- Allow for innovation and change to meet future needs.
- Inspire public support and confidence.
- Enable comparison among all modes of transportation, increasing the likelihood that the most beneficial projects will get funded, constructed, and maintained.
- Align authority and responsibility to plan, fund, and implement transportation services.

State Governance Options

The case can be made for a new role for state government in transportation activities: either the state role should be strengthened to consolidate authority or a more decentralized role should be adopted with authority devolved to regions.

In Michigan the governor has proposed to provide additional funding for road projects, reform transportation agencies, and expand the state's authority of the road system. In Georgia the governor has signed legislation creating a regional authority in the thirteen-county Atlanta region with broad transportation and land use powers. The level of the state's authority can be assessed by the respective roles of WSDOT, the Transportation Commission, and the Secretary of the Department of Transportation.

Option 1: WSDOT jurisdiction

The jurisdiction of WSDOT needs to be further examined, both as it deals with the various transportation modes, and how it exercises its authority statewide. WSDOT could either be centralized to provide more authority at the state level or its authority could be devolved to regions. Reorganization, reassignment, and the boundaries of WSDOT's current districts are all to be considered. Increasing the jurisdiction of WSDOT over regional arterials could provide better linkage between planning, funding, and implementation. Regardless of the model of governance, the level of responsibility should match the fiscal capacity.

1a. Increase WSDOT responsibility.

WSDOT would maintain current responsibility for all state-owned and state interest facilities, and add arterials of regional significance.

1b. Keep WSDOT as is.

WSDOT would continue to be responsible for all state-owned and state interest facilities (highways, ferries, passenger rail, some airports), as it currently is.

1c. Reduce WSDOT responsibility.

WSDOT would be responsible for highways of state significance only³. Responsibility for other state owned roads not classified as highways of state significance would go to counties or to regions.

Option 2: Transportation Commission role

The role of the transportation commission could be strengthened by adding budget authority; it may continue to be purely advisory in policy and budget matters; its role could be changed toward oversight and accountability; or the commission could be eliminated entirely:

2a. Transportation Commission would be responsible for policy and budget, recommend legislation, and select DOT secretary.

This describes the commission's current role.

2b. Commission would act in advisory role to the governor.

This is the model practiced by ten other states.

2c. Change and expand commission's role.

The commission's responsibility could be expanded so that it becomes the single point of accountability for reporting on or monitoring the entire state transportation system at all levels (including all state, city, county, and special agency components of that system). It would adopt benchmarks and cost-effectiveness standards, report on the accomplishment of those benchmarks and standards, establish system standards for highways and other elements of the system that are of statewide significance, evaluate regional plans for compliance with the state system plan and certify those regional plans, and review and recommend policy changes that would enhance the accomplishment of system goals.

2d. Eliminate transportation commission.

In this case the benchmark and cost-efficiency standards role could fall to another location.

Option 3: DOT Secretary

Shall the position of DOT Secretary stress its advisory role (both to the governor and the transportation commission) or its accountability for outcomes? The selection of and reporting by the secretary could be done in one of several ways:

3a. Retain the current system, with the transportation commission selecting the secretary.

3b. The governor will appoint the secretary.

3c. The secretary will be elected by popular vote.

³ as adopted 12/17/98.

Regional Governance Options

The travel corridors in this growing state often transverse numerous jurisdictions. However, the perception by the public of a seamless transportation corridor is actually far from that, with numerous governmental units responsible for some level of planning, funding, and maintaining the same road as it crosses different boundaries. Alternative forms of regional governance are under consideration as possible means to deal with transportation issues that cross existing boundaries.

Current forms of regional government in Washington include counties, special units of government, such as the Central Puget Sound Regional Transportation Authority (Sound Transit), and Metropolitan Planning Organizations/Regional Transportation Planning Organizations (MPOs/ RTPOs). MPO's, for larger urban areas and Regional Transportation Planning Organizations (RTPO's) for areas smaller in population, already are responsible for regional transportation planning and prioritization. MPO's develop regional transportation plans, three-year transportation improvement programs (TIP's), and twenty-year metropolitan transportation plans (MTP's). RTPO's, authorized by the Growth Management Act of 1990, cover 38 of the state's 39 counties, and perform similar functions as MPO's. (In larger urban areas, the MPO is the RTPO).

Regional governments may take on new taxing authority, responsibility for multi-modal transportation, as well as increased land use control and other regulatory roles. Models exist throughout North America for new forms of regional governance. In 1997, California began regionalizing some of its transportation expenditures. Most state transportation dollars (75-80%) still go to CalTrans for maintenance, rehabilitation, and safety. However, a policy decision was made that those closest to the transportation problem should make transportation decisions. Thus, a sizable amount of the remaining dollars are split 75% to the regional agencies for congestion relief, and 25% to CalTrans for interregional projects. Vancouver, British Columbia has created a new entity, TransLink, which has assumed responsibility for managing roads and transit, and is also responsible for planning, service levels, and funding. In San Diego, the regional planning agency (San Diego Association of Governments) has project selection and funding powers.

Option 4: Regional governance models

There are a variety of ways to organize regional governance based either on these models from other states or on models drawn from Washington's current governance structures. All of these models could provide for joining planning, deciding, funding, and implementing (or contracting of implementation) powers. Examples include:

4a. Create a regional entity with comprehensive authority for planning, funding, project selection, and project implementation (including some ownership and operation).

A new entity, based on an existing model or possibly a hybrid form of government, could be responsible for some or all transportation planning, funding, project implementation, and operations within a region. The new entity could also have oversight powers over existing entities. Funding would follow ownership.

Also included within this option is creation of a ‘congestion relief district’ in the central Puget Sound region by adding responsibility for regional arterials, and possibly other modes (passenger-only ferries, transportation demand management) to Sound Transit.

Selection of the membership of the new entity could be through one of several ways:

- Direct election by popular vote of regional citizens.
- Federated body, composed of *ex officio* members representing various jurisdictions within the region, such as is currently done with Sound Transit.
- Appointment by the governor, legislature, a federated body, or regional representatives.

4b. Create a regional entity with planning, funding and project selection authority only.

The MPO and RTPO process is intended to foster ongoing coordinated transportation planning among the numerous jurisdictions within a region. With a role already strengthened by the federal Intermodal Surface Transportation and Efficiency Act to include project selection across jurisdictions and modes, new models could expand that authority:

- MPOs/RTPO’s could have planning and funding responsibilities for regional transportation corridors and set standards for regional operation.
- Alternately, MPOs/RTPOs could have planning, funding, and implementation responsibilities and become regional project delivery agencies for large multi-jurisdictional projects.

4c. Create and empower a regional entity with funding and project selection authority only.

A new regional entity, possibly modeled on one of the above options, would be responsible for some or all transportation funding and project selection only. Funding would follow ownership.

4d. Increase county government role.

Regional land use and development authority could be added to county or regional government authority. Additionally, there could be an increased role for the state’s 39 county governments, possibly as outlined above. Federal and state funds would flow to the county along with any new responsibilities. Counties could increase local option funding.

Figure 1: Governance options worksheet

PRINCIPLE:	State Role	Mixed State/Regional Role	Regional Role
Align transportation planning, funding, and implementation	Michigan/Georgia		California model
Mission: Plan, fund, implement			“Solve” congestion Land Use? Regulatory?
Jurisdiction: Who is responsible for each part of the system?	Interstates State highway system Ferries Rail Give state authority for transit TDM Land Use	Current ownerships?	One entity responsible for all. Integration of modes. All roads non-interstate All modes Passenger ferry
Structure: How is responsibility and accountability best achieved? Who makes decisions?	Governor appoints Sec. Commission abolished Commission oversees benchmarks	How many regions? Create congestion relief districts?	Create new entity Empower existing entity: counties, MPO’s, RTPO’s, GMPC, Sound Transit
Funding: Who will raise money and pay for it?	High level of statewide funding: Gas tax User fees non-gas tax for multi-modal		Low level of statewide funding; High level of regional funding
Project Selection: How to prevent “peanut butter” investing?	Strong performance standards benchmarks to guide investments		
Legislative Authority	1977 WSDOT Act	Legislation for RTA GMA, Metro Issues of tax equity?	Tap an array of powers to allow to use all tools for all modes
Relationship to system: How to fix regional problems and ensure statewide system works?		Preservation and maintenance of whole system/all modes Fix bottlenecks	

PROJECT DELIVERY EFFICIENCIES

There exists a lingering perception of waste in public works projects. Associated with that perception is the public's loss of confidence in the ability of government to do transportation projects well. The principal question of this category of efficiencies is: Can capital transportation projects be delivered faster, better, and for less money?

New ways of delivering capital projects will in some cases depend on new governance structures, and will be closely interrelated with reforms in the permitting process.

The American Association of State Highway and Transportation Officials (AASHTO) reports state that one-half of state DOT's have decentralized project development functions, such as procurement, environmental planning, design and customer service to district offices. In addition, leaner staff structures and loss of experienced personnel have led to outsourcing more functions. Commonly outsourced functions include project management, preliminary engineering, and facility maintenance.

Relationship to Findings

The findings note that project delivery is often time-consuming and expensive. Traditional project delivery methods may work, but are at times a hindrance to efficient project delivery. Alternative project delivery has been successful in other states, but has met with resistance in Washington. Proposed options under this category encourage a new look at alternative project delivery, as well as some enhancements to traditional methods of project delivery, including construction cost savings, and team planning. Finding 43, which deals with the two-year funding cycle for transportation projects, is mentioned within project delivery efficiencies, under reducing construction costs, but is not specifically remedied in the options.

Goal

Accomplish projects faster and with less money, with no loss of environmental review standards.

Result

Improved credibility of public agencies to get transportation projects built effectively.

Overall Criteria

Does the option have the potential to:

- Result in significant short-term improvements (in mobility of people and goods)?
- Result in significant cumulative long-term improvements in mobility of people and goods?
- Increase cost-effectiveness of current practices, structures, or services?
- Increase service effectiveness?
- Reduce the time of the numerous process requirements needed to move a transportation idea to a decision?
- Improve the transportation decision-making processes?
- Be implemented?
- Help make decisions that stick?

Project Delivery Efficiency Options

Options reviewed by the administration committee include those that can be instituted within the traditional project delivery framework, and those requiring a new framework or model.

CONVENTIONAL PROJECT DELIVERY EFFICIENCIES

Option 5: Use enhanced team planning/partnering.

The potential exists for individuals or groups to delay project implementation through a variety of environmental and land use regulations, or other means. Early involvement of all participants in a capital project, known as ‘partnering,’ has proven successful in building construction projects and can be used in transportation projects as well. Because major public works projects, such as roadways, with a large cast of participants involved in planning and construction, have the potential to impact broad geographical areas and diverse segments of society, early identification of participants is critical. Through partnering, early agreement on roles, responsibilities, dispute resolution, project and team scope, and mitigation measures is achieved, and consensus is built early in the development of the project.

Arguments in favor

The result can be faster project delivery. Projects can benefit by participation of all interested parties early in the planning process. This can apply to interagency agreements as well, so roles are clear, redundant reviews eliminated, and decisions stick.

Arguments against

Time consuming; agreements are not binding

Option 6. Do environmental review early.

Establish standards for environmental review that are consistent across jurisdictions. Begin at the preliminary project layout (or comprehensive plan phase) instead of waiting for initial project design. Allow environmental review to inform the design, which can result in a better overall project.

Option 7. Improve project management.

There is a need to strengthen oversight and accountability for project delivery. This includes discipline to achieve project delivery targets. Incentives are needed to deliver projects in a shorter time. Require project managers to be involved in the final design phase of a project.

Oregon has concluded that this approach brings a higher level of knowledge to projects and pays dividends during bidding and future project planning. WSDOT and other jurisdictions have already initiated training in consistent project delivery systems that go well beyond traditional ‘green eyeshade’ focus on budget and schedule. Improved project management focuses on outcomes rather than procedures.

Other essential elements of improved management include team chartering, work breakdown structures, problem prediction and contingency provision, and innovative management techniques. Evaluative criteria for project managers should be changed to include technical ability, innovation, experience, and price. Improved project management can also include personnel dedicated to project-specific teams.

Arguments in favor

This option can help maintain effective working relationships.

Arguments against

Not every project can be high profile and the 'number one' priority.

8. Take measured (appropriate) risks.

Though risk-taking is not often associated with the public sector, assessing an appropriate risk can lead to decisions that improve a project's efficiency. One example may be work schedule acceleration. Under this scenario, various stages of the project that are usually done sequentially could be overlapped, such as right-of-way acquisition, environmental review, design (beginning prior to completion of all environmental review and permitting), and contract award (prior to receiving all permits). However, it is important to accelerate tasks early, rather than late in the process.

An example of risk taking in Washington is the recently completed DuPont interchange of Interstate 5 in Pierce County. Various stages of the project were performed in overlapping, rather than sequential, fashion. In this case, private funding for a portion of the project allowed some of the risks to be borne by the private rather than the public sector. However, the end result was a project completed in approximately half the usual time, with a cost savings of \$900,000 on interest alone.⁴

Other ways of accelerating project work may include larger work crews, and greater use of overtime, nighttime, and weekend hours.

Arguments in favor

Risk-taking in a large construction project recognizes the time value of money. The rewards of risk-taking include early completion, below cost completion, and improved design. Pooling risks may make risk taking (and the potential for mistakes) more politically palatable. Working nights saves money on traffic control.

Arguments against

Accelerated schedules may contribute to some mistakes, and thus higher costs in some areas of project delivery; portions of the project may have to be re-done; public agency may come under criticism and legal liability for making mistakes while taking risks. Nighttime and weekend work may be objected to by nearby residents and businesses. Fiscal uncertainty (due to the

⁴ Presentation by Gary Demich, WSDOT, to the Administration Committee, June 18, 1999.

two-year budget cycle) may be a barrier to accelerating work schedules, because construction projects are often phase-funded over several biennia. Agencies might not be rewarded or recognized for time- and/or money-saving risks taken.

Option 9. Reduce overall construction costs.

Construction costs account for 56% of total project costs.⁵ Construction cost savings can be realized through the use of innovative methods and new materials, advance purchases, wages, and mitigation costs. These are outlined below. Also contributing to higher construction costs are the state's two-year funding cycle and the phasing of project budgets. Funding through phases and cycles does not contribute to achieving lowest possible construction costs.

9a. Save on materials and methods.

There are incentives to use innovative materials and methods, particularly when the private sector is involved in construction and operation of public rights-of-way. Examples include:

- At the beginning of a project, develop a construction strategy, including lifecycle costing. Use value engineering when costing the project and its components — 80% of a project's cost can be found in 20% of the functional items⁶.
- To the extent possible, do simultaneous instead of sequential project phasing. Also, include utility work as part of the construction contract, or coordinate roadway projects with necessary utility work, enabling some costs to be shared.
- Pre-purchase of some materials may be possible early in project development. This can save costs later. Also, the use of standardized project design for similar capital facilities can reduce overall costs⁷.

9b. Right-of-way 'banking'

Allow early purchase of rights-of-way, prior to completion of all environmental and other permitting, so that land is purchased before it becomes unaffordable.

9c. Continue to assess prevailing wage survey techniques.

This option can reduce labor costs in some areas of the state, particularly non-metropolitan areas.

9d. Reduce mitigation costs.

Document amount spent on mitigation (as a percentage of overall cost); seek permit reform to reduce costs. See permit reform section below.

Arguments against

Savings are often in bookkeeping.

⁵ Schlatter and Jensen, 1998.

⁶ Presentation by Ken Smith, WSDOT, to the Administration Committee, 20 August, 1999.

⁷ Presentation by Helga Morgenstern, WSDOT, to the Administration Committee, 20 August, 1999.

EFFICIENCIES USING ALTERNATIVE PROJECT DELIVERY

Responding to constraints on staff and financial resources, other states and other countries have been using alternative methods to get projects completed efficiently. Alternative project delivery (APD) can result in transportation projects that meet the public's desire for projects that are timely, cost-effective, and accountable. These types of projects also can yield innovations in design and construction.

The principal alternative is the design-build process with its variations, including various level private sector roles in creating, financing, owning, and operating projects.

Option 10. Incorporate the design-build process and its variations into construction projects.

In design-build projects, a single entity is hired to carry out all phases of a project, from initial design to final construction. The advantages of design-build are derived from the collaborative effects of the designer-builder relationship, the potential for innovation and greater cost control. Examples in other states have shown significant savings in total project cost but even greater savings in the time of project delivery, which can be reduced by as much as one-third.

For all transportation agencies to use design-build and its variations, greater authorization would be required from the legislature, including legislative adjustments to allow and include more public-private teams, and authorization to develop pilot projects to test various project delivery methods to measure best results.

Variations of design-build include:

10a. Allow private construction and management of transportation facilities.

Having to consider future maintenance costs creates an incentive for builders to develop innovative construction approaches that can lead to longer life of roadways and other transportation facilities. This option most closely resembles the state's public-private initiatives program.

10b. Build-transfer-operate.

This alternative allows public financing and construction of transportation facilities, which are then leased to private companies for management and operation. Funds are often raised through toll collection.

Arguments in favor

Time savings; engineering and construction cost savings; earlier knowledge of costs; value engineering and constructability input 'up front;' quality improvement; communication and partnering; avoidance of change orders.

Option 11. Increase education and training in APD concepts.

With alternative project delivery, there is a perceived lack of understanding on the part of some agencies, the legislature, and members of the public. Some of the misunderstanding can be a result of the unwillingness to give up control or to make radical changes in the way capital projects are executed, or a lack of understanding of the concept of APD. Jurisdictions with expertise could assist in an education effort. The authorization to share resources between governmental entities should be provided. This would require the departments and agencies involved to be trained, and to train outside entities.

Option 12. Use the private sector to deliver projects.

Some pilot projects allowing the private sector to provide expertise and financing in developing transportation projects have been attempted in Washington. The DuPont interchange has already been mentioned as a successful example in which the private sector held a significant stake in project delivery. Using private funding, these projects can provide cost-effective transportation facilities, and the possibility of getting large-scale projects built when public funds are lacking. Pilot projects can combine several of the alternative project delivery strategies.

Arguments in favor

Public-private partnerships allow the opportunity for design-build, in which there are inherent cost and schedule savings, due to the efficiency of having a single contract for design, engineering, and construction instead of multiple contracts. Project risks shift to the private sector partner. The private sector partner provides funding, thereby not increasing the state's debt burden. Development costs are shared; the public sector contributes to environmental studies and right-of-way acquisitions.

Arguments against

There is public resistance to paying tolls and fees, and distrust of for-profit operators of public facilities.

OPERATIONS AND MAINTENANCE EFFICIENCIES

Efficiencies in the area of administration have long been an objective of government, but it has often been difficult to determine precisely how administrative expenses are allocated, and thus where efficiencies can be gained. Options in this area seek to first establish uniform standards for administrative costs at all levels of government, and then to ensure that administrative costs are comparable to a national median.

To reduce maintenance and operations costs, innovative techniques are proposed

Relationship to Findings

According to the findings, operations and maintenance efficiencies could be achieved through workplace re-engineering, managed competition, and establishment of performance goals. All of these are listed as options for further review, as well as exploration of sharing of public resources among jurisdictions, and better data gathering and cost allocation.

Goal

The overall goal of this reduction is to achieve a measurable and credible reduction in overall administrative costs. Reduce overall spending in these areas by reducing inefficiencies; save money and shift cost savings to capital projects. When efficiencies are achieved, it is important to notify the public of accomplishments.

Result

Less waste and inefficiency, greater public confidence, greater flexibility, creativity, coordination and integration, better understanding of costs, uniform standards.

Overall Criteria

Does the option have the potential to:

- Result in significant short-term improvements (in mobility of people and goods)?
- Result in significant cumulative long-term improvements in mobility of people and goods?
- Increase cost-effectiveness of current practices, structures, or services?
- Increase service effectiveness?
- Reduce the time of the numerous process requirements needed to move a transportation idea to a decision?
- Improve the transportation decision-making processes?
- Be implemented?
- Help make decisions that stick?

Operations and Maintenance Efficiencies options

Option 13. Conduct a thorough review of WSDOT administration practices.

Achieve transparency of operations costs thorough a performance review of practices. Require the Secretary of the DOT to conduct thorough review of WSDOT administration practices no later than X (date), including the following:

- Scale and size of accounting and management information systems division staffs.
- Possible duplication of functions among regions.
- Possible application of computer and internet technology for administration purposes.
- Scale and size of other support programs, including program D, S, T, and U functions.⁸

Option 14. Use and apply benchmarks to assess and monitor efficiency.

The benchmark committee has begun looking at other states in comparison to Washington. By using uniform financial accounting systems, performance goals for efficiencies can lead to reduced costs and enhanced service. This option recommends instituting the benchmark committee's work as the basis for an oversight board ('Commission for Transportation Accountability') or a restructured transportation commission. Goals must be measurable and used for continuous improvement, and can be aspirational, for example:

- For the 2001 to 2003 biennial budget, WSDOT administrative costs would be below the national median
- For the 2003-2005 and subsequent biennia, WSDOT administrative costs would be in the lowest quartile of the states.

Option 15. Cap and monitor other transportation administration costs.

- Cap local and regional government administrative costs at 10% for the following functions: management, general services, planning, facilities, training.
- Create an incentive structure for jurisdictions achieving the cap.
- Report on ongoing measures of administrative efficiency for all jurisdictions.

Option 16. Reengineer the workplace.

In the face of diminished expectations and skepticism on the part of citizens, government must reinvent itself in order to win back the trust of the public in its ability to be efficient and effective. Emphasizing excellence in the workplace and re-creating it as a service-based and customer-based organization, are two of the elements of total quality management.⁹

⁸ Program D: highway management and facilities; Program S: executive management, regional administration, finance and administration, management information systems; Program T: planning, data and research; Program U: charges from other state agencies, including attorney general, auditor, personnel services, revenue collection services.

⁹ Carr, David and Littman, Ian. Excellence in Government: Total Quality Management in the 1990s. Arlington, VA: Coopers and Lybrand, 1993.

Establish project teams, with an emphasis on setting goals and predicting outcomes. Encourage innovation among employees, using the WSDOT quality program model. Form partnerships with labor organizations to develop apprenticeships and training programs to ensure the availability of a skilled workforce to deliver projects and service.

Arguments in favor

WSDOT's quality program has empowered employees in a structured format to develop new approaches for maintenance and operations, and a simplified pay scale.

Option 17. Use managed competition for operations and maintenance functions.

Under managed competition, private sector bids are sought for operations and maintenance activities, and then compared to a bid from the public sector staff currently performing the service. Ideally, cost savings or service improvements would result, with dollar savings reallocated for related capital improvements.

Clear goals and strong leadership are required for a successful managed competition program. Other possible features may include:

- Adequate financial and performance data to ensure a fair evaluation of comparative costs. All sides must agree on a cost-based accounting system and the elements to be included in the bid package. Without accurate data it is not possible to determine whether a bid or performance represents an improvement in cost or quality.
- A level playing field for all competitors, insuring correct cost comparison methodology.
- Collective bargaining on wages and benefits.
- A 'safety net' if changes or reductions in staff result.

Legislative authorization would be required to allow managed competition. Alternately, because managed competition is very restricted under current state law, it may be best to introduce a pilot program, perhaps negotiated through mediation between labor and management.

Arguments in favor

Other jurisdictions have realized cost savings.

Arguments against

Cost control in the public sector rarely rests with the group bidding on and performing the work.

Option 18. Improve data collection and cost allocation.

The Joint Legislative Audit and Review Committee (JLARC) audit expressed concern about the difficulty of assessing the true costs of WSDOT operations. The audit recommended changes to WSDOT's approach to management and financial accounting systems to enable better review of project histories throughout all phases. Ultimately, WSDOT's performance could then be compared accurately to other states and other jurisdictions, and consistently analyzed against

benchmark targets. Performance and benchmark ranking could form the basis for setting efficiency standards.

On the local level, refining Budgetary Accounting and Reporting System codes and guidelines on their use can result in better analysis and reporting of operations and maintenance costs at city and county levels.

Option 19. Authorize and encourage jurisdictions to share resources.

This approach, successfully instituted in the neighboring cities of Kelso and Longview, Washington, began with an inter-local agreement between the two cities that outlined the details of merging several city departments, including accountability and responsibility, and a cost allocation plan.

Sharing of resources may include consolidation of overlapping functions, merging of departments, and sharing of equipment, personnel, and other resources, such as technology and practices. Additionally, this option may include establishment of a human resources skills bank of transportation professionals and, in conjunction with labor, development of a program that would allow state, local and regional transportation authorities to draw from skills bank during peak periods of need.

Legislative authorization is required to allow sharing resources among jurisdictions and eliminate restrictions. For example, signal inspection by WSDOT on non-state roadways is prohibited by the Department of Labor and Industries. Grant County is prevented from using its resources to maintain streets in its small cities (over 1,000 population), because that power rests with the state legislature.

Arguments in favor

Cost savings and service improvements can result.

Arguments against

Loss of some autonomy; salary differentials; legislative requirements and restrictions are difficult to change.

PERMIT REFORM

Public surveys in Washington consistently show that a high value is placed on preservation of the environment and native habitat. Indeed, these values are key to the identity of the Northwest. Legislation promoting environmental preservation, citizen involvement, and growth management has resulted in improvements in the quality of life, but has also left a legacy of complex regulations and permits.

When planning for capital projects, the type and timing of review at the local level can conflict with federal requirements for environmental review, making the process seem cumbersome, duplicative, and overly time-consuming. Critics of the existing system argue that there is an emphasis on procedure over substance; that environmental impact statements are used to justify a choice that has already been made; and that environmental review imposes increased costs and project delays. Also damaging is the perception of permitting and regulation as ‘red tape,’ a sign of government waste and inefficiency.

Some of the current emphasis on process over substance may be due to lack of agreement over the substance. In other words, we have not as a society made some of the decisions about how best to protect the environment, so we instead defer to more studies, more review, and more process. The Commission may be able to foster a consensus on the substantive protections needed, at least for transportation projects, which could allow the process to be streamlined.

Another issue is that different permits require different levels of review. Section 404 wetlands permits, for example, while required for only 1% of WSDOT’s capital projects, can take up to two years to process. For an average small project (a freeway interchange, for example), total elapsed time for environmental documentation is approximately 2.25 years. For a larger project requiring individual Section 404 wetlands permits, the total elapsed time for completion of all environmental documentation is approximately 4 years¹⁰.

Environmental documentation is a moving target — laws and regulations can change at any time during the process, and potentially cause delays or necessitate redesign.

In some cases there is substantive coverage of the same topic at multiple levels of government. The Washington State Legislature and WSDOT are taking some steps toward eliminating these duplications, as witnessed by the state’s ‘reinventing NEPA’ program. However, it must be frankly acknowledged that many of the issues regarding permitting are at the federal level, over which the state has no authority. Without permit reform at all levels, including the federal level, ‘serial’ project review may still occur, a principal source of project delay and frustration.

There is a backlog of permitting, some of it due to recent endangered species actions. A recent article¹¹ highlights the fact that the U. S. Army Corps of Engineers offices in the Pacific Northwest have a backlog of 880 permits to review, and a quadrupling of their workload since the listing of several species of salmon as ‘endangered’ in 1999.

¹⁰ presentation by Ken Stone of WSDOT to the Administration Committee, 24 March 2000.

¹¹ Daily Journal of Commerce, Seattle, 14 April 2000.

Relationship to Findings

The committee found that requirements are simply too complex, and a foundation exists for thorough permit reform. Permitting options encourage one-stop permitting, as well as greater coordination at all levels of government, more delegation of permitting authority, and earlier involvement and environmental review.

Goal

Protect and preserve the environment; reduce permitting costs; shorten the time for the permitting process; lessen environmental impacts through better decision-making; help make decisions that stick; increase citizen participation in the review process.

Result

Protect habitat and the environment. See that mobility projects can be built.

Criteria

The option should:

- Protect and preserve the environment.
- Reduce permitting costs.
- Shorten the time frame for the permitting process.
- Lessen environmental impacts through better decision making.
- Help make decisions that stick.

Permit Reform Options

Option 20. Create one-stop permitting with decisions that stick.

20a. Delegate authority.

Empower local governments with ‘certified agency’ status to make final decisions on permits.

20b. Require interagency agreements early in decision-making process.

Early agreements can avoid reconsideration of issues later in the process. Agreements also provide for negotiated schedules for reviewing proposed projects and they can determine appropriate level of detail for each stage in the review process. This arrangement is intended to avoid having to provide excessive information at early stages in a project when it may not be truly necessary for decision making. Interagency agreements can also contain provisions for assigning ‘consequences’ if agencies do not meet their obligations as assigned in the scope of the initial agreement.

20c. Authorize permit reviews to be conducted by certified jurisdictions to avoid multiple reviews.

20d. Create project teams.

Representatives from each of the permitting agencies would be assigned to a project and see it through the process together. Designate a permit coordinator from the team.

20e. Establish permit assistance centers.

Based upon the pilot already established by the Department of Ecology in Lacey, there would be several centers throughout Washington, all including federal, state and local permit agency staff under one roof. The centers could:

- process permits in parallel by including staff representing all levels of governmental review in the same space.
- conduct pre-application meetings and develop critical path charts for completing permits on time.
- have staff available for troubleshooting.
- host educational workshops for developers, project managers, and others.
- recover costs through fees.

20f. Provide early involvement by stakeholders .

Under a WSDOT pilot project at SR 104 on the Kitsap Peninsula, a project steering committee consisting of all identified stakeholders and decision makers was assembled to achieve early project ‘buy in’ of the process, decisions, and outcome. Such a model of early involvement and consensus could improve the NEPA process. It allows for citizen involvement in the review process, and also creates ‘closure points’ in the review process. All members would have equal standing, and all would make decisions on behalf of their agency or group. Timetables would be established — no new issues, concerns, or lawsuits would be permitted after the investment of substantial time and resources. The steering committee would work with WSDOT and the Federal Highway Administration throughout the process.

20g. Involve resource agencies early in planning, design, and critical area designation.

Arguments in favor

Permitting would move forward in a more straightforward and predictable manner; enhanced efficiencies; improvements in communication and information availability; avoidance of future hurdles, such as redesign and retrofit.

Arguments against

Legislative regulatory changes are required.

Option 21. Coordinate mitigation across jurisdictions.

Begin or continue a dialogue with other jurisdictions and bodies with decision-making authority over environmental issues. Work with local agencies and other state agencies and divisions to coordinate review efforts. Work to inform federal agencies of the ongoing work of state, local, and regional bodies, and attempt to coordinate with federal agencies to the extent possible. A

goal is to achieve delegated authority of federal review to responsible state, regional, or local authorities.

Through the use of geographical information systems (GIS) mapping, biology maps, and other techniques made possible by advances in technology and knowledge, mitigation may be performed more strategically than before, over a broader geographic area and over a comprehensive range of projects and project types.

21a. Coordinate environmental mitigation strategies with other agencies.

Coordinate with other federal, state and local agencies, and with non-governmental organizations to develop comprehensive strategies. Use GIS mapping to determine the most cost-effective and environmentally beneficial mitigation efforts.

21b. Use watershed based planning.

Incorporate a holistic strategy for environmental mitigation, instead of project-by-project review. Create an overall program of watershed management that integrates environmental programs and decision making in a broad range of ecological areas, including wetlands, flood management, storm water, hazardous waste, aquatic sediments, fish and wildlife, erosion control, and stream restoration. Map the entire state using GIS.

21c. Encourage pilot projects.

For example, consider endangered species on a program-wide level rather than on a project-by-project basis. Use GIS maps to determine impacts on endangered species habitat early.

Option 22. Empower regional authorities with permit responsibility.

Planning — In the development of the EIS, allow regional authorities to give programmatic EIS approval. Programmatic approval may also be linked to regional transportation plans and areawide mitigation provisions. Locals may also be responsible for identification of critical areas, and come up with project alternatives and mitigation programs. Locals would be held responsible for growth management compliance, and also for meeting benchmarks for mobility and air quality.

Project coordination — Convene regulators and agree on roles, jurisdictions, and authority. For those projects whose scope is too large to be covered by a programmatic EIS, acknowledge the elements which would require site-specific EIS and mitigation. Have a coordinated project team that can agree early on alternatives, negotiate review schedules, and negotiate the level of detail of review.

Implementation — Set project specific timeline contracts; have consequences for delay. If necessary, designate and fund regulatory staff. Empower transportation project managers to make decisions.

Arguments against

Local agencies would be required to give up some authority. Those attempting to thwart a project may use timelines to their advantage to forestall a project.

Option 23. Improve current systems.

The following are methods of working better with available resources:

- Better integration of NEPA/SEPA: to the extent possible, coordinate reviews at the federal, state and local levels.
- Create permit centers, using the Department of Ecology's existing permit assistance center in Lacey as a model. Collocation of resource staff, multi-agency pre-application meetings, and multi-agency permit decision-making teams are some of the features at the Lacey center.
- Simplify public notice requirements, coordinate across jurisdictions, and eliminate redundancies.
- Fund staff in resource agencies to review permits: Staff shortages are a principal cause of delay in issuing environmental permits. Funding staff positions for specific projects or on an ad hoc basis will facilitate more timely project review.
- Set and honor timelines.
- Develop an environmental cost model to document and monitor the costs of environmental review, permitting, and mitigation on projects.